

**To: The Company Secretary
Western Power Distribution (South West) Plc
Company Number: 02366894
Avonbank
Feeder Road
Bristol
BS2 0TB**

Direction under Paragraph 2D.35 (Other Events) of Part F (Adjustment of performance on quality of supply targets) of Special Condition CRC 2D: Adjustment of licensee's revenues to reflect interruptions-related quality of service performance, of the Distribution Licence in place for the 2020/21 Regulatory Year.

- Whereas
- 1 Western Power Distribution (South West) Plc (the "Licensee") is the holder of an Electricity Distribution licence (the "Licence") granted or treated as granted under section 6(1)(c) of the Electricity Act 1989 (the "Act").
 - 2 The Gas and Electricity Markets Authority (the "Authority" [1]) has considered all representations made by the Licensee and had regard to all relevant information and circumstances.
 - 3 In accordance with the requirements of Paragraph 2D.35 (Other Events) of Part F of Special Condition CRC 2D of the Licence:
 - (a) the Authority has been notified of each event within 14 days of the date on which the Licensee considers that the effect of the event has ceased;
 - (b) the Licensee has submitted to the Authority a statement of facts with respect to each event within 56 days of the date of the notification;
 - (c) the Authority, or an Appropriate Auditor nominated by the Authority under standard condition 46 (Regulatory Instructions and Guidance) of the Licence, has verified the impact of each event on the Licensee's performance; and
 - (d) the Licensee has provided such further information, if any, as the Authority may require; and
 - (e)(i) the Authority is satisfied that the event meets the exceptionality requirements defined in Appendix 3;
 - (e)(ii) the Authority has had regard to whether the Licensee has met the criteria for preventative and mitigating actions set out in Appendix 4; and
 - (e)(iii) the Authority is satisfied that any payments under the Electricity (Standards of Performance) Regulations 2015 by the Licensee to Customers in respect of the event should be recovered via this licence condition.

Now, for the reasons specified in Annex 1, the Authority directs under Paragraph 2D.35 (Other Events) of Part F of Special Condition CRC 2D of the Licence that, for the purpose of calculating CIIST (customer interruptions actual performance term) and CMLIST (customer minutes lost actual performance term) in respect of the relevant Regulatory Year in which the event occurred, the constituent data relevant to the event shall be adjusted as follows:

CIIST for the Regulatory Year commencing 1 April 2020/21 shall be adjusted from 60.2 to 58.5; and

CMLIST for the Regulatory Year commencing 1 April 2020/21 shall remain at 41.5.

This direction constitutes notice of reasons for our decision pursuant to section 49A(1)(c) of the Act.

29 October 2021

SIGNED on 29 October 2021

**Steven McMahon
Deputy Director, Electricity Distribution, Networks
Duly authorised by the Authority**

Annex 1

Explanation of the Authority's reasons for direction under paragraph 2D.35 (Other Events) of Part F of Special Condition CRC 2D of the Licence

1. Introduction

- 1 This document sets out the reasons for issuing a direction under Paragraph 2D.35 (Other Events) of Part F of Special Condition CRC 2D of the Licence.
- 2 This direction adjusts the Licensee's 2020/21 performance on quality of supply targets for the number of interruptions.
- 3 The structure of the rest of this document is as follows:
- (i) Section 2 sets out the claim submitted by the Licensee for consideration under Paragraph 2D.35 (Other
 - (ii) Section 3 sets out the Authority's analysis and decision on the claim; and
 - (iii) Section 4 sets out the Authority's revisions to the Licensee's performance for the exceptional event.

2. Exceptional Event claims submitted by the Licensee for 2020/21

- 4 The Licensee notified the Authority during 2020/21 that it considered the event in Table 1 to have been exceptional (for the purposes of Paragraph 2D.35 (Other Events) of Part F of Special Condition CRC 2D) and to have affected its performance on quality of supply targets for the number [2] of interruptions. It claimed the adjustments shown in the table below:

Table 1: 2020/21 exceptional event claims

Date and event details	Claimed Adjustments	
	Customers Interrupted (CI)	Customer Minutes Lost (CML)
Other Event One: 26 July 2020 (paragraph 2D.35 of Part F)	1.79	-
Total	1.79	-

3. Examiner's recommendations and Authority's decisions

Other Event One: 26 July 2020

- 5 This was a claim for 1.79 CIs because of a phase-to-phase fault caused by a bird strike.
- 6 The Authority appointed an Appropriate Auditor under Standard Condition 46 of the Electricity Distribution Licence to audit the claim.
- 7 The Appropriate Auditor's report finds that the Other Event Customer Interruptions threshold of 1.6 in Appendix 3: Exceptionality requirements for other events of Special Condition CRC 2D was exceeded, with 55268 customers interrupted.
- 8 The Appropriate Auditor also found the Licensee to have taken appropriate preventative and mitigating actions as set out in Appendix 4: Criteria for preventative and mitigating actions of Special Condition CRC 2D. The Appropriate Auditor therefore recommended that the Licensee's performance for the Regulatory Year 2020/21 should be adjusted to exclude the audited impact of Other Event One as set out in Table 2 below.

Table 2: Audited impact of 2020/21 exceptional event claims

Date and event details	Authority's Adjustments	
	CI	CML
Other Event One: 26 July 2020 (paragraph 2D.35 of Part F)	1.78	-
Total	1.78	-

4. Authority's revisions to performance

9 The Authority has verified the impact of Other Event One on performance and considered all other relevant information and circumstances (such as the Licensee's statement of facts) and is satisfied that Other Event One was exceptional. Under paragraph 2D.35 of Part F of Special Condition CRC 2D the Authority may, therefore, in accordance with the provisions of that paragraph, make adjustments to the Licensee's data in respect of these events.

10 The adjustments to the annual performance data are shown in Table 3 below.

Table 3: Adjustments to 2020/21 performance data for exceptional event claims

	Performance figures for 2020/21		Change for Exceptional Event(s)		Performance figures for 2019/20 adjusted for Exceptional Event(s)	
	CI	CML	CI	CML	CI	CML
Unplanned incidents	56.97	34.46	1.78	-	55.19	34.46
Pre-arranged incidents	6.52	14.16	-	-	3.26	7.08
National Grid Electricity Transmission or transmission companies	-	-	-	-	-	-
Any other connected systems	-	-	-	-	-	-
Distributed generators	-	-	-	-	-	-
Overall CI & CML for 2020/21	63.49	48.62	1.78	-	61.72	48.62
Overall CIIS & CMLIS for 2020/21	60.23	41.54	1.78	-	58.45	41.54

The Authority directs that:

CIIS for the Regulatory Year commencing 1 April 2020/21 should be reduced by 1.8 from 60.2 to 58.5.

CMLIS for the Regulatory Year commencing 1 April 2020/21 shall remain at 41.5.

[1] The terms "Ofgem", "the Authority", "we" and "us" are used interchangeably in this document.

[2] Customers Interrupted (CIs) is the proportion of total customers whose supplies have been interrupted. This is calculated by summing the number of customers with an interruption of supply that lasted for three minutes or longer, multiplying by 100 and dividing by the total number of customers.